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Memorandum
by City Manager's Office

TO: HONORABLE MAYOR &
CITY COUNCIL

FROM: Debra Figone

SUBJECT: City Manager's Weekly Report

DATE: October 3, 2008

INFORMATION

Following are the key activities to be highlighted this week:

State Budget Update – Governor Schwarzenegger signed a \$ 103.4 billion general fund spending plan last week ending the state's longest budget delay of 85 days. With only a \$1.7 billion reserve, the Governor also used his “blue pencil” to reduce or eliminate \$510 million in funding for a variety of state and local programs to reduce spending further. The \$15.2 billion shortfall was addressed with the Governor and Big 4 legislative leaders reaching agreement on the State budget plan that includes a mix of spending cuts, internal borrowing and accounting maneuvers. The budget also includes the Governor's request for budget reform including a 12.5 % rainy-day fund, gives the Governor authority to make mid-year reductions and approval to borrow against future lottery earnings. In order for the budget reform provisions and revenue from lottery securitization to be realized in FY 09-10, it requires a special election must be called and June 2009 may be preferable. Relevant to the City, the 2008-09 State Budget includes:

- No borrowing from Proposition 1A property tax revenues and Proposition 42 Transportation funds.
- **Redevelopment Agencies:** A one time, one year \$350 million statewide property tax revenue shift (ERAF) to backfill state funding obligation to schools. To the City's RDA, this is estimated at \$12.9 million.
- **Public Safety Programs:** Cut 10 percent leaving COPS funding at \$1.6 million for the City and Booking Fee Reimbursements to counties cut by 10 percent resulting in \$225,000 cut to San Jose.
- **Proposition 42 Transportation:** Fully funded at \$1.4 billion including full funding of the local streets and roads maintenance program providing \$9 million to the City.
- **Proposition 1B - Local Streets and Roads Account:** Budget advances an additional \$187 million for cities statewide on first come basis. City eligible to secure \$15 million from remaining fund balance.

Staff is preparing information summary outlining details of the adopted F.Y. 08-09 State Budget that will be distributed to the Mayor and City Council. For more information contact Betsy Shotwell at 535-8270 or Roxanne Miller 916-443-3946.

City-Sponsored Legislation - The following are updates on City-sponsored legislation:

- **SB 1357 (Padilla)** – The legislation, relating to beverage containers recycling was signed by the Governor on September 30. SB 1357 will provide up to \$20 million from July 1, 2009 to January 1, 2012, for local grants from the California Beverage Container Recycling Funds for beverage container recycling and litter reduction programs. This bill will provide additional funding to increase our landfill diversion rates by reducing the flow of solid waste to landfills through source reduction and recycling.

HONORABLE MAYOR AND CITY COUNCIL

Subject: City Manager's Weekly Report

Date: October 3, 2008

Page 2 of 4

- **AB 2466 (Laird)** – Signed on September 28, this legislation will establish the Local Government Renewable Energy Self-Generation Program. The bill authorizes a local agency to receive a bill credit on the bill of a benefiting account for power generated from a renewable energy facility owned by that entity that generates more energy than required to serve the site under an aggregated metering system. AB 2466 will encourage development of solar and other renewable sources of energy at city facilities and properties and assist San José and other local agencies to meet their AB 32 goals.
- **AB 2097 (Coto)** - Legislation to provide funding for supportive services to permanent housing for the homeless was vetoed by the Governor on September, 28. AB 2097 would have established a 5-year pilot program in Santa Clara County that would have authorized redevelopment agencies to use up to 5 percent of the 20 percent Low and Moderate Income Housing funds (LMIHF) to fund supportive services for the occupants of extremely low income (ELI) units for the homeless. The State Housing and Community Development Department opposed any expanded use of 20 percent housing funds. The Housing Department will continue to look for funding that will provide these critical services and is considering whether to resubmit the bill in the next legislative cycle.

State Legislative Update – Funding for Parks — On September 30, Governor Schwarzenegger signed AB 2494 (Caballero), creating the Housing-related Parks Program, using \$200 million from Proposition 1C funds. The grants will be awarded to local governments for the creation, development, or rehabilitation of park and recreation facilities. In addition, the Governor signed AB 31 (De Leon), which will utilize \$400 million from Proposition 84 to fund the acquisition and development of parks, recreation areas, and facilities in critically underserved communities. Both of these bills will enable the City to locate parks near future affordable housing development. Lastly, SB 375 (Steinberg) providing an incentive-based statutory framework for reducing greenhouse gas emissions, while at the same time protecting local land use authority and providing important RHNA and CEQA reforms was signed.

FAA Programs Extension — This week, President Bush signed legislation extending Federal Aviation Administration (FAA) programs and taxes through March 31, 2009. This extension diminished the likelihood of a multi-year FAA reauthorization bill until next year, and another extension likely will be needed. The President also approved the continuation of the resolution that funds FAA and other department budgets until March 6, 2009. The Department of Homeland Security funding was extended for the full federal fiscal year, which ends on September 30, 2009, and includes potential funding for the SJC Terminal B baggage security system. For information, contact Jim Webb at 501-7612.

Terminal A North Ticket Lobby Steel Frame — Over the next two weeks, the steel framework for the new street-level South Ticket Lobby at Terminal A will be built. Work will take place at night between 10:30 p.m. - 5:00 a.m. Although pedestrian and vehicle traffic will be redirected during the night work, most passengers will not be affected since construction crews will finish their work before their arrival for early flights. The new ticket lobbies are expected to open for service by April 2009, increasing Terminal A ticket counter capacity by about 40 percent. After ticketing is relocated from the second level of the terminal to the new street-level lobbies, the Airport will begin work on the new security checkpoints that will double capacity and enhance Transportation Security Administration (TSA) efficiency for passenger screening at Terminal A. For more information, contact Dave Maas at 501-0954.

HONORABLE MAYOR AND CITY COUNCIL

Subject: City Manager's Weekly Report

Date: October 3, 2008

Page 3 of 4

Library Foundation Fundraising Campaign Bears Fruit — Thanks to the generosity of over 1,000 San José community members and businesses, more than \$743,000 was raised for the three libraries that opened this summer: Joyce Ellington, Pearl Avenue, and Willow Glen. Specifically, 143 donors contributed \$185,000 for Joyce Ellington, 265 donors contributed \$248,000 for Pearl Avenue, and 600 donors contributed \$310,000 for Willow Glen. These donations provide critical funding for furnishings, equipment, and collections, which are not paid for by the bond funds. AT&T donated \$200,000 for the Technology Centers at these three branches and the Edenvale Branch Library. The gift is the single largest corporate donation to date received by the campaign—*Branching Out: From Dream to Reality*. This vital support for libraries is made possible by the leadership and hard work of the San José Public Library Foundation, its board of directors, and community volunteers.

City Construction Projects Fulfill Voter Directives and Boost Local Economy —The *Silicon Valley/San José Business Journal* "2008 Book of Lists," which identifies the top San José construction projects, has included nine projects constructed by the City in its 'top 25' list. These projects were recognized as contributors to the economic engine of the Bay Area. Six of those projects, Roosevelt & Mayfair Community Centers, Pearl Avenue, Edenvale, Hillview, and Joyce Ellington Branch Libraries were a direct result of San José voters who passed the Library and Parks Bond Measures. Two other municipal facilities, the Civic Center Parking Garage and the Central Service Yard, also made the list. Since ranking is based on total square footage built, it is not surprising that the #1 project topping the list for both San José and Silicon Valley construction projects is the Mineta San José International Airport (SJC) Terminal Area Improvements (TAIP) Project. For more information, contact Kathi Forman at 535-8403.

Community Center Reuse Process Moves Forward with Operator Recommendations — The Community Center Reuse Evaluation Panel has recommended 14 operators for Reuse facilities. At the conclusion of the RFP process, the panel received 21 proposals for the use of 10 of the 16 available Reuse facilities. The Evaluation Panel's recommendations are subject to further City approvals including the Director of PRNS, completion of contract negotiations, execution of contracts, and completion Americans with Disabilities (ADA) improvements, where necessary. Council will receive an update of the process through the Neighborhood Services & Education Committee (NSE) at its November 13, 2008 meeting. Should the recommendations successfully meet the approvals listed above, those Reuse facilities will have new operators beginning January 2009. The RFP Evaluation Panel was comprised of representatives from the Community Center Reuse Advisory Task Force, Strong Neighborhood Initiative (SNI) staff, Mayfair and Evergreen SNI/Neighborhood Action Council (NAC) and City staff. For more information, contact Rudy Navarro at 277-2741.

Housing and Economic Recovery Act of 2008 (HERA) — On September 26, the U.S. Department of Housing & Urban Development (HUD) released funding allocations for the Neighborhood Stabilization Program. The City will receive \$5.6 million by October 30, and has 18 months to spend or commit the funds. Housing Department staff will be attending a HUD "National Summit" on October 7-8 to learn the details of this new program. HUD will likely set a deadline of December 1, 2008 for the receipt of substantially complete application from direct local recipients, with any funds not accounted for by that time to be forfeited and reallocated to the State. Housing Department staff expects to bring forward a proposal on how to use the funds to the City Council later this fall. For more information, contact Leslye Krutko at 535-3851.

HONORABLE MAYOR AND CITY COUNCIL

Subject: City Manager's Weekly Report

Date: October 3, 2008

Page 4 of 4

California Keys Meeting — On September 26, the City, in conjunction with Destination: Home, co-hosted staff from the United States Interagency Council on Homelessness at a meeting for members of California Keys. California Keys is a statewide organization that was formed to collaborate on issues surrounding homelessness and to develop and share ideas that will end homelessness on a regional and statewide basis. California Keys members throughout Northern California discussed challenges to multiple jurisdictional planning and actions needed to further the goal of ending homelessness in 10 years. For more information, contact Leslye Krutko at 535-3851.

Coastal Clean-up Day a Success — On September 20, more than 1,800 volunteers helped clean 38 miles of creeks, lakes, and shorelines in Santa Clara County for Coastal Clean-up Day. In San José alone, 750 volunteers removed over 75,000 pounds of trash and over 12,600 pounds of recyclables from 11 sites, amounting to almost 44 tons of debris that are no longer polluting our waterways leading to the Bay and ocean. Compared to last year, the number of volunteers doubled and the amount of collected trash tripled. Every year, the City, Santa Clara County Parks and the Santa Clara Valley Water District collaborate as the *Creek Connections Action Group* in hosting the local sites for the spring and fall statewide clean-up events. This fall, the City also partnered with Save the Bay to host two sites, one on Coyote Creek and another at Guadalupe River. For more information, contact Steven Osborn at 277-5635.


Safe Summer Initiative Provides Adventure Outings for Area Youth — This month, the Mayor's *Safe Summer Initiative: Safe School Campus* wraps up its field trip schedule with a white-water rafting trip in Lotus, CA. Over 125 local youth participated in the summer program, and took part in field trips offered; involving everything from fishing to kayaking. For many of the students this was their first experience with these activities and the feedback was positive. The Mayor's Initiative is designed to keep San José youth active and off the streets during summer months by offering block parties, sport events, field trips, and scholarships for summer camp. For more information, contact Joe Moseley at 277-2741.

Upcoming Meetings & Events

11th Annual Walk to End Domestic Violence – Friday, October 17 at City Hall Plaza at 200 E. Santa Clara Street. Program will begin at 11:00 a.m.

Christmas in the Park Tree Lighting – Friday, November 28, 6:00 p.m. – 6:30 p.m. Plaza de Cesar Chavez. For more information, contact Adriane Mertens at 793-5508.

San Jose Holiday Parade – Sunday, December 7, 8:30 a.m. – 11:00 a.m. (Downtown Streets). For more information, contact Edwin Cortez at 793-4192.


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